

AGENDA
FREMONT REDEVELOPMENT AGENCY REGULAR MEETING
JANUARY 25, 2011
7:00 P.M.

1. CALL TO ORDER

2. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the Redevelopment Agency and will be enacted by one motion and one vote. There will be no separate discussion of these items unless an Agency Member or citizen so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Additionally, other items without a "Request to Address the Redevelopment Agency Board" card in opposition may be added to the consent calendar. (In the report section of the agenda, consent items are indicated by an asterisk.)

2.1 *Approval of Minutes – None.*

3. PUBLIC COMMUNICATIONS

3.1 Oral and Written Communications

4. PUBLIC HEARINGS – None.

5. OTHER BUSINESS

5.1 Report Out from Closed Session of Any Final Action

5.2 **SECOND AMENDMENT TO THE EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY AND BLAKE HUNT VENTURES, INC., AND CENTER STREET HOUSING, LLC**
Consideration of Adoption of a Resolution to Execute a Second Amendment to the Exclusive Right to Negotiate Agreement with Blake Hunt Ventures, Inc., and CenterStreet Housing, LLC, for the Centerville Unified Site within the Centerville Project Area Portion of the Fremont Merged Project Area

Contact Person:

Name:	Barbara Szudy	Elisa Tierney
Title:	Project Manager	Redevelopment Agency Director
Dept.:	Housing and Redevelopment	Housing and Redevelopment
Phone:	510-494-4502	510-494-4501
E-Mail:	bszudy@fremont.gov	etierney@fremont.gov

RECOMMENDATION: Adopt a resolution authorizing the Executive Director or his designee to enter into the Second Amendment to the Exclusive Right to Negotiate Agreement with Blake Hunt Ventures, Inc., and CenterStreet Housing, LLC, for the Centerville Unified Site.

6. ADJOURNMENT



REPORT SECTION
FREMONT REDEVELOPMENT
AGENCY REGULAR MEETING

JANUARY 25, 2011



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Executive Summary: On August 3, 2009, the Agency and Blake Hunt Ventures (“BHV”) and CenterStreet Housing, LLC (“CSH”) entered into an Exclusive Right to Negotiate Agreement (“ERNA”) for the Centerville Unified Site. During the original 210-day ERNA period, substantial progress was made, and on March 16, 2010, the Agency approved a non-binding Term Sheet and authorized execution of the First Amendment to the ERNA, which provided for an extension of the original ERNA timeline to January 31, 2011. Subsequently, the developers requested the Agency undertake an analysis of potential soil vapor contamination on the property and during the ensuing investigation, many of the ERNA deliverables were put on hold. This staff report seeks Agency Board approval of a Second Amendment which will extend the negotiating period for an additional six months (through July 31, 2011) in order to complete environmental investigation and arrive at a mutually acceptable resolution of the site contamination.

BACKGROUND: In August 2009, the Agency Board entered into an ERNA with Blake Hunt Ventures and CenterStreet Housing. During the original 210-day ERNA period, major milestones and delivery dates were met: the development team submitted a Preliminary Proposal, including site plans and a financial proforma, held a community workshop to review the project and receive public input, received City comments on the plans, worked with staff on a draft Parking Study, held discussions with equity investors, and negotiated business terms. On March 16, 2010, the Agency approved a non-binding Term Sheet which set forth the business terms as the basis for the development and disposition agreement (DDA) for the development and authorized the execution of the First Amendment to the ERNA which extended the original ERNA timeline (ending February 28, 2010) to January 31, 2011, to provide adequate time to prepare and submit a Refined Proposal for the project, complete environmental documentation, and seek agreement on the terms of a DDA for the redevelopment of the site. Subsequently, as part of the site due diligence investigation required by the ERNA, the developers requested an analysis of potential soil vapor contamination on the property, a real estate due diligence topic of concern due to new governmental regulations over the past few years. Under the terms of the ERNA, this event triggered a process for the Agency and the developers to explore the nature of the potential contamination and possible remediation solutions in an effort to seek a mutually acceptable method of remediation that would allow the parties to continue and complete the DDA negotiations.

DISCUSSION/ANALYSIS: As part of this ERNA process, staff worked with the developers and the oversight agency, the Alameda County Water District (“ACWD”), to develop a contamination testing protocol, and undertook several rounds of testing in June and October to characterize the extent of the contamination. The results showed elevated soil vapor levels in the area of a former utility corridor on the west side of the property that may have resulted from solvents used by a previous dry cleaner. Staff is continuing to work with the developers and ACWD to conduct further investigation and to develop a Remedial Action Plan to resolve any outstanding issues.

At this time, a further six-month ERNA extension is necessary to complete the investigation, analyze costs of potential remediation options, and determine if the Agency and the developers can achieve a mutually acceptable remediation solution that will allow work to proceed under the ERNA toward negotiation of a final DDA for presentation to the Agency Board. If the developers and staff (with Agency Board concurrence) are able to agree upon a mutually acceptable remediation plan, then an additional six-month extension of the ERNA negotiating period for consideration by the Agency Board. This would allow for the completion of the remaining ERNA deliverables (e.g., submit Refined Proposal, hold second Community Workshop) and for staff and the developers to complete environmental analysis of the project and final negotiations on the DDA for consideration by the Agency Board.

FISCAL IMPACT: There is no fiscal impact at this time. If the Agency Board authorizes the Second Amendment to the ERNA, leading to the successful execution of a Disposition and Development Agreement, the fiscal impact is assumed to be \$23.5 million subject to the formal reuse valuation.

ENVIRONMENTAL REVIEW: The authorization of the Second Amendment to the ERNA is not a project as defined by CEQA. The ERNA is only an agreement to study and negotiate for terms and conditions, and does not lead to construction. The process of environmental review will be a required part of the process for entitlement and approval.

ENCLOSURE:

- [Draft resolution](#)
- [Second Amendment to the Exclusive Right to Negotiate Agreement for the Centerville Unified Site](#)

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